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Senate Committee on Foreign Relations held public session this morning concerning activities re Philippine War Damage legislation (including ~~the~~ 1962 act providing \$73 million direct payment to

claimants) of John A. O'Donnell, Washington lawyer, and Francisco A. Delgado of Manila, former judge, Senator and UN representative from Philippines. Both were former Philippine War Damage Commissioners.

O'Donnell testified before Committee in Executive Session on March 1. His testimony released today, together with series of letters indicating that O'Donnell and Delgado worked from ~~1950~~ 1951 on to promote additional payment directly to individuals. O'Donnell worked in U.S. to gain Congressional support. Delgado worked in Philippines to gain support from claimants. Delgado succeeded in having number of large claimants sign contracts to pay O'Donnell 10 percent of their claims on a contingent basis.

O'Donnell did not appear this morning due to illness so session was limited to reading into record letters, together with following concluding statement by Chairman:

QUOTE Today's

Drafted by:

L:TEhrlich:js 4/18/63

Telegraphic transmission and classification approved by:

L - Richard D. Kearney

Clearances:

FE - Mr. Rice

FE - Mr. Hilsman (subs.)

SPA - Mr. Bell

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QUOTE Today's hearing has involved questions about the relationships between two friendly states, the United States and the Philippine Republic. I hope that nothing which has occurred here will disturb the historic friendly relations between this country and the Philippines. The Committee has taken every reasonable step which occurred to it to avoid such consequence, at the same time endeavoring to maintain its own integrity and to perform its duties as a legislative committee.

Certainly it is my intention, and I believe that of at least a majority of the Committee, that as a consequence of these hearings no action should be taken by the Congress or the Administration which would violate any understandings or pledges between the two countries. Although I believe the hearing demonstrates that changes should be made in the so-called Philippine war claims legislation, the basic original intent of that legislation should be preserved in a manner which will permit the full benefits of the Act to be realized by the Philippine economy.

I think it is quite clear that the intent of the original legislation was the economic rehabilitation of the Philippines and that the making of payments to individuals, companies and associations suffering losses as a result of war was merely a vehicle to accomplish this purpose.

That it was the vehicle which coincided with the interests of Mr. John A. O'Donnell was by no means accidental. In fact, I think the record is clear that very soon after his leaving office as a member of the Philippine War

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result of that legislation and to assure that the law will conform to the purposes of the original Philippine Rehabilitation Act of 1946. The amendment which I will propose will provide for direct payment to the Philippine Government of the \$73 million involved as was first contemplated by legislation which I introduced in 1960 at the request of the Department of State. UNQUOTE

From O'Donnell's testimony it appears that he received two checks dated October 10, 1960, one for \$10 thousand and one for \$8 thousand, payable to QUOTE Mr. John O'Donnell, Philippine Embassy. UNQUOTE Checks were sent to QUOTE Mr. John O'Donnell, c/o Ambassador Romulo. UNQUOTE In answer to question QUOTE What connection did Mr. Romulo have with this transaction? UNQUOTE O'Donnell said QUOTE His office was just a conduit that the money came through. UNQUOTE In answer to specific question, O'Donnell said Romulo personally knew about the money. O'Donnell said he did not know source of funds other than they came from interests in the Philippines, probably including members of sugar industry. O'Donnell used substantial portion of money for contributions to campaigns of about 25 senators and representatives from both parties, list of whom was released by Committee.

Full transcript of O'Donnell's testimony follows in pouch.

END.

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